

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
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USMISSION GENEVA
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USEEC ALSO FOR EMBASSY

E.O. 11652 N/A
TAGS: EINV, BGEN, FR
SUBJ: NORA-MINC REPORT ON FUTURE FRENCH COMPUTER POLICY

REF: (A) PARIS 03831; (B) PARIS 19614;
(C) DRAFT FY'79 CCP FOR FRANCE

1. SUMMARY. PRESIDENT GISCARD D'ESTAING'S OFFICE
RECENTLY RELEASED A REPORT ON THE FUTURE IMPACT OF
COMPUTERS ON FRENCH SOCIETY. THE REPORT FOCUSES
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ON THE LATEST DEVELOPMENTS IN COMPUTER UTILIZATION
(DATA PROCESSING NETWORKS), THE POSSIBLE SOCIAL IMPACT
OF THESE NEW ADVANCES IN FRANCE, THE DOMINATION OF
THE FIELD BY MULTINATIONAL AND ESPECIALLY AMERICAN
FIRMS (IBM), AND THE POSSIBLE IMPLICATIONS FOR THE
FRENCH NATIONAL INTEREST. THE REPORT CONTAINS MANY
INTERESTING IDEAS. IF AND WHEN IMPLEMENTED, IT SHOULD

BE WATCHED CLOSELY FOR ITS POSSIBLE IMPACT ON US INTERESTS. END SUMMARY.

2. SINCE THE DE GAULLE ERA THE GOF HAS BEEN CONVINCED OF THE VITAL IMPORTANCE OF THE COMPUTER INDUSTRY FOR THE ECONOMIC FUTURE OF FRANCE, AND HAS BEEN SEEKING TO DEVELOP A NATIONAL CAPACITY IN THIS AREA IN WHICH IT BELIEVES FRANCE HAS A LONG-RANGE COMPARATIVE ADVANTAGE (SEE REF A). THE "NORA-MINC" REPORT, COMMISSIONED BY THE ELYSEE AND NAMED AFTER ITS AUTHORS, RESPECTED CIVIL SERVANTS SIMON NORA AND ALAIN MINC, REAFFIRMS THIS BELIEF ESPECIALLY IN VIEW OF NEW ADVANCES IN "TELEMATIQUE" (INFORMATION PROCESSING MERGED WITH TELECOMMUNICATIONS NETWORKS). THE REPORT HAS RECEIVED SUBSTANTIAL PRESS COVERAGE INCLUDING WRITTEN CONFRONTATION BETWEEN IBM'S JACQUES MAISONROUGE AND CII-HONEYWELL-BULL'S JEAN-PIERRE BRULE IN THE FIGARO. THE REPORT IS CURRENTLY BEING STUDIED IN THE ELYSEE FOR ITS POSSIBLE POLICY IMPLICATIONS.

3. THE NORA-MINC REPORT FOCUSES ON THE LINK OF INFORMATION PROCESSING AND TELECOMMUNICATIONS INTO NETWORKS OF MACHINES, USERS AND DATA BANKS AND DISCUSSES AT LENGTH THE DOMINANCE OF IBM IN THIS AREA. IT NOTES THAT COMMUNICATIONS ADVANCES AND LIMITED OFFICIAL USE

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AMERICAN EXPERIENCE HAVE MADE IT LESS EXPENSIVE IN SOME CASES FOR EUROPEAN FIRMS TO EXPORT THEIR DATA PROCESSING NEEDS THAN TO CONTRACT WITH LOCAL SERVICES. THE NEXT ADVANCES IN COMPUTER UTILIZATION WILL HAVE VERY FAR-REACHING EFFECTS ON FRENCH SOCIETY AND THE RESOLUTION OF ITS PROBLEMS WHILE IBM AND FOREIGN (US) DOMINANCE IN GENERAL THREATENS FRENCH NATIONAL INDEPENDENCE SINCE SUCH GROUPS AS IBM POSSESS RESOURCES AND CAPABILITIES THAT EVEN THE FRENCH STATE CANNOT MATCH. TO COUNTERACT THIS THREATENED DOMINATION AND TO DIRECT THE SOCIAL IMPACT OF THIS NEW DEVELOPMENT, THE REPORT SUPPORTS THE CREATION OF A STRONG FRENCH CAPACITY IN ALL ASPECTS OF THE COMPUTER INDUSTRY WITH VIGOROUS GOVERNMENT DIRECTION OF ITS IMPACT. THUS THE AUTHORS CITE FOUR BROAD AREAS FOR GOF ACTION:

(A) INTERNAL ADMINISTRATIVE REFORM, COMBINING CONCERNED GOF AGENCIES IN ORDER TO NEGOTIATE WITH AND REGULATE COMPANIES IN FRANCE AND TO DEVELOP INTERNAL CAPACITY;

(B) SUPPORT OF FRENCH EFFORTS IN COMPUTER CONSTRUCTION, NETWORK BUILDING AND MANAGEMENT AND AUXILIARY SERVICES AND HARDWARE PRODUCTION THROUGH SUBSIDIES, SPONSORED RESEARCH AND PROCUREMENT POLICY;

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(C) SUPERVISION AND REGULATION OF FOREIGN COMPUTER ACTIVITIES IN FRANCE THROUGH NEGOTIATION WITH IBM IN ORDER TO IMPROVE FRENCH "TELEMATIQUE" CAPACITY, TO SECURE NATIONAL INDEPENDENCE IN THIS FIELD, AND TO PRESERVE THE GOF'S TELECOMMUNICATIONS MONOPOLY;

(D) INTERNATIONAL INITIATIVES, ESPECIALLY WITHIN THE EC, TO DEVELOP DOMESTIC INDUSTRIES IN COORDINATION WITH EACH OTHER THROUGH A COMMON POLICY AND TO PROTECT

THEM FROM AMERICAN DOMINATION.
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4. COMMENT. THIS REPORT HAS A NUMBER OF INTERESTING IDEAS WHICH COULD PROVE BENEFICIAL TO THE FRENCH IN DEVELOPING AN EFFECTIVE "TELEMATIQUE" INDUSTRY. IF THE PROPOSED MEASURES ARE ADOPTED, HOWEVER, DEVELOPMENTS SHOULD BE WATCHED CLOSELY FOR THEIR POSSIBLE IMPACT ON US INTERESTS. THE EXCESSIVE PROTECTION OF FRENCH FIRMS OR RESTRICTIVE REGULATIONS ON THE OPERATIONS OF FOREIGN-OWNED FIRMS COULD HAVE AN ADVERSE IMPACT ON US EXPORTS OF GOODS AND SERVICES SUCH AS HARDWARE, SOFTWARE AND DATA PROCESSING. SUCH RESTRICTIONS AND REGULATIONS COULD AFFECT THE SALES OF US COMPANIES WITH OPERATIONS IN FRANCE AS WELL AS LIMIT FUTURE EARNINGS POTENTIAL IN THIS INDUSTRY SINCE THE GOR'S PROCUREMENT POLICY EFFECTIVELY CLOSES VERY LARGE AND DYNAMIC MARKETS TO US PRODUCERS. THE IMPACT ON LICENSE AND PATENT SALES IS DIFFICULT TO FORESEE SINCE A PRIORITY PROGRAM TO DEVELOP FRENCH CAPABILITIES MIGHT LEAD TO THE REQUIREMENT FOR US TECHNOLOGY.

5. FULLER REPORT FOLLOWS. BY AIRGRAM.
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